

Message Text

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43

ACTION NEA-12

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DODE-00 PM-07 H-03 INR-10 L-03 NSAE-00 NSC-10 PA-04

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SCEM-02 INT-08 TRSE-00 AGR-20 AID-20 IGA-02 IO-14

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FM AMEMBASSY ROME

TO SECSTATE WASHDC 2562

INFO AMEMBASSY BONN

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AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY LAGOS

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

AMEMBASSY TEHRAN

AMEMBASSY TEL AVIV

AMEMBASSY TRIPOLI

AMEMBASSY TOKYO

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ENRG

SUBJ: /CORRIERE DELLA SERA/ INTERVIEW WITH SHAH OF IRAN

1. /BEGIN SUMMARY/. SHAH OF IRAN GRANTED ECLUSIVE VIENNA
INTERVIEW TO /CORRIERE DELLA SERA/ CORRESPONDENT ETTORE PETTA,
WHICH CARRIED IN JANUARY 4 /CORRIERE/. SHAH HAD HARSH WORDS
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FOR WHAT HE CHARACTERIZED AS OVERLY PERMISSIVE AND CONSUMER-

ORIENTED WESTERN SOCIETY. DEFENDED RECENT OIL PRICE INCREASES AS "SELF-DEFENSE" BY PRODUCERS TO OFFSET PRICE INCREASES OF AGRICULTURAL AND INDUSTRIAL PRODUCTS, ADDING THAT IT CRIMINAL TO USE OIL TO HEAT AND GENERATE ELECTRICITY. OIL SHOULD BE SAVED RATHER FOR PRODUCTION OF CHEMICAL PRODUCTS, MEDICINES AND OTHER BASE MATERIALS. SHAH STATED THAT IRAN FAVORS GLOBAL AGREEMENT BETWEEN OIL PRODUCING AND CONSUMING COUNTRIES AND HAS NO PREFERENCES IN DEALING WITH GOVERNMENTS AS OPPOSED TO OIL COMPANIES. /END SUMMARY/.

2. TONE OF SHAH'S COMMENTS ABOUT WESTERN WORLD IS HIGHLY MORALISTIC. HE ACCUSES WEST OF ENCOURAGING IRRESPONSIBILITY THROUGH CONSUMER MENTALITY OF PERMISSIVE SOCIETY. HE SEES POSSIBLE BENEFITS FROM ENERGY CRISIS IN HOPEFUL RESTRUCTURING OF WESTERN VALUES, WITH PRIORITY BEING GIVEN TO SENSE OF RESPONSIBILITY OVER THE MATERIAL INTERESTS OF CONSUMERISM. SHAH SEES ENERGY CRISIS AS EXPRESSION OF GROWING CONSCIOUSNESS OF THIRD WORLD, SIGNALLED BY END OF ERA OF POLITICAL AND ECONOMIC COLONIALISM. THE TREND HAS BEEN ACCELERATED BY SHARP INCREASES IN RECENT YEARS OF PRICES OF INDUSTRIALIZED COUNTRY EXPORTS.

3. REGARDING POSSIBLE FRAMEWORK FOR RELATIONSHIP BETWEEN OIL PRODUCING AND CONSUMING COUNTRIES, SHAH STATES THAT IRAN FAVORS A GLOBAL UNDERSTANDING OVER BILATERAL AGREEMENTS. HE NOTES IN THIS CONNECTION THAT HE HAS PERSONALLY PROPOSED A DIRECT MEETING BETWEEN OPEC AND OECD COUNTRIES. HE POINTS OUT THAT THE OIL PRODUCERS HAVE NO DESIRE TO HARM EITHER DEVELOPING OR INDUSTRIALIZED COUNTRIES, ALL THE MORE SO IN THAT CERTAIN OPEC COUNTRIES SUCH AS IRAN WILL SOON FALL INTO LATTER CATEGORY. AS TO WHETHER IRAN PREFERS NEGOTIATING DIRECTLY WITH CONSUMER GOVERNMENTS ON OIL AS OPPOSED TO TRADITIONAL DEALINGS WITH OIL COMPANIES, SHAH STATES THAT IRAN HAS NO PREFERENCES.

4. IN RESPONSE TO QUESTION WHY CRUDE OIL PRICES HAVE RISEN SO RAPIDLY, SHAH STATES THAT PRODUCING COUNTRIES HAVE ACTED IN SELF-DEFENSE TO OFFSET SHARP RISE IN PRICES OF BOTH AGRICULTURAL AND FINISHED PRODUCTS OVER LAST THREE YEARS. SHAH ADDS THAT HE CONSIDERS IT "CRIMINAL" TO USE OIL FOR PRODUCTION OF ENERGY

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-- E.G., CENTRAL HEATING, ELECTRICITY GENERATION--AND THAT OIL NOW MUCH MORE IMPORTANT FOR PRODUCTION OF CHEMICALS, MEDICINES AND OTHER BASE MATERIALS. HE NOTES, FURTHER, THAT PRESENT KNOWN RESERVES WILL LAST ONLY ANOTHER THIRTY YEARS AT MOST.

5. WITH RESPECT TO HOW IRAN WILL EMPLOY ITS INCREASED OIL REVENUE, SHAH REPLIES THAT IT WILL BE USED IN ALL SECTORS,

INCLUDING MILITARY. HE POINTS OUT THAT INCREASED REVENUE WILL
ENABLE NATIONAL INCOME TO GROW AT 20 PERCENT ANNUAL RATE RATHER
THAN ORIGINALLY PROJECTED 10 PERCENT ANNUALLY. PER
CAPITA GNP LEVEL ORIGINALLY ESTIMATED TO REACH \$910 UNDER CURRENT
FIVE YEAR PLAN NOW LIKELY TO REACH \$1500.

6. WITH RESPECT TO COOPERATION BETWEEN ITALY AND IRAN IN
ENERGY FIELD, SHAH STATES THAT THERE ARE CONSIDERABLE POSSIBI-
LITIES. HE RECALLS WITH NOSTALGIA THAT FIRST OIL AGREEMENT
BETWEEN IRAN AND A WESTERN COUNTRY WAS WITH ITALY, AND THAT
THE AGREEMENT CONSTITUTED A REVOLUTIONARY INNOVATION IN FAVOR
OF PRODUCING COUNTRIES. HE NOTES THAT CONTACTS ARE PRESENTLY
UNDERWAY WITH ENI (ITALIAN STATE OIL COMPANY), RESULTS OF WHICH
COULD TURN OUT TO BE "VERY INTERESTING", (ROME 11985, 31 OCT
1973 NOTAL).

7. WHEN ASKED ABOUT POSSIBILITY OF COOPERATION BETWEEN PERSIAN
GULF COUNTRIES, SHAH NOTES THAT HE HAS PROPOSED SUCH REGIONAL
COOPERATION ON POLITICAL, ECONOMIC AND MILITARY LEVEL. ALTHOUGH
HIS EFFORTS HAVE SO FAR BEEN WITHOUT SUCCESS, HE FEELS THAT IT
IS NECESSARY TO PERSEVERE AND NOT ABANDON HOPE.

8. FINALLY, ON THE IMPLICATIONS OF THE RECENT ISRAELI
ELECTIONS FOR THE GENEVA CONFERENCE UNDERWAY, THE SHAH FEELS
THAT WEAKENING OF THE LABOR PARTY NEED NOT PREJUDICE THE NEGOTIATIONS, WHICH MUST AT ALL COST CONCLUDE POSITIVELY, ON BASIS
OF 1967 UN RESOLUTION 242.VOLPE

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